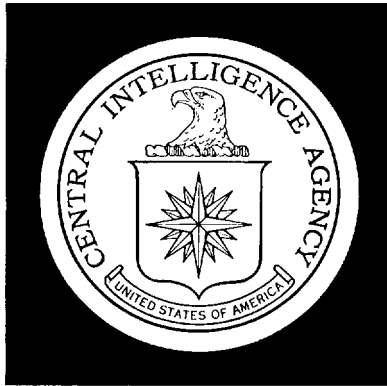


Secret

25X1



DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

Secret

No 42

12 August 1971

State Department review completed

25X1

Approved For Release 2004/04/19 : CIA-RDP79T00975A019700100001-2

Approved For Release 2004/04/19 : CIA-RDP79T00975A019700100001-2

SECRET

No. 0192/71
12 August 1971

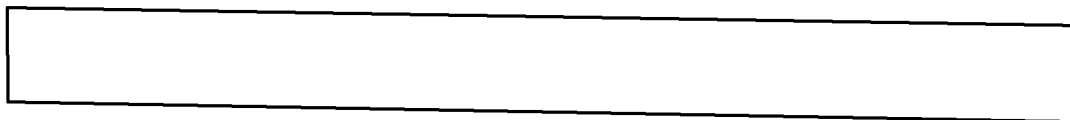
Central Intelligence Bulletin

CONTENTS

USSR-ROMANIA: The temperature of the dispute has been raised. (Page 1)

CYPRUS: The intercommunal talks. (Page 2)

ARAB FEDERATION: Meeting in Damascus. (Page 3)



25X6

PORTUGAL: The new press law. (Page 6)

EAST GERMANY - WEST GERMANY: Steel imports. (Page 7)

SOMALIA: Suspicion of foreigners. (Page 8)

EQUATORIAL GUINEA - SPAIN: Relations have stabilized for the time being. (Page 9)

INTERNATIONAL MONETARY DEVELOPMENTS: Speculative activity subsides (Page 11)

BOTSWANA: Pullout by West German firm (Page 11)

SECRET

SECRET

USSR-ROMANIA: Authoritative Soviet and Romanian pronouncements have raised the temperature of the dispute between the two countries.

The Soviet weekly Literaturnaya Gazeta yesterday reprinted an article, which had first appeared in the Polish party daily on 30 July, that implicitly but clearly criticizes Bucharest's policies. The article claims that China regards the USSR as its chief enemy and goes on to say that "all nods of approval for Peking's splittist policy cannot be considered as anything but harmful to the unity of the socialist community." The article warns that there can be no "neutral stand" on this issue and that "the attitude toward the Soviet Union and the CPSU is a gauge of the attitude toward the fundamental interests of the socialist community."

Romania, however, shows no sign of retreating from its independent stance. An article yesterday in the party daily Scinteia reaffirmed Romania's desire to strengthen links with "all socialist countries." The article also condemned "imperialism" for using tactics such as "domination and dictate... economic and political pressure...the installment of puppet regimes...and even overt military intervention." While the imperialist villains were not specifically named, the Soviets will undoubtedly see in the article still another infuriating example of Romania's edging toward Peking's line.

Soviet anger over closer cooperation between China and Romania will increase still more if a reported visit of a Chinese military delegation to Romania takes place later this month. If the Soviets wish to turn the pressure on Romania up another notch, a Warsaw Pact exercise reportedly scheduled to take place in Bulgaria later this month may offer an opportunity for various kinds of intimidation tactics. Although such moves would clearly worry the Romanians, Bucharest still seems determined to defend its independent stance.

25X1

12 Aug 71

Central Intelligence Bulletin

1

SECRET

SECRET

CYPRUS: Monday's meeting between the Greek and Turkish Cypriot negotiators produced no break in the stalemated intercommunal talks, and there are increasing signs that President Makarios will take the issue to the UN.

According to Glafkos Clerides, the Greek Cypriot negotiator, the Turkish Cypriot letter of 9 August offers no hope for progress in the intercommunal talks. Clerides stated that the Turkish Cypriots reasserted their demands that communal authority extend to the top level of government and that the Greek Cypriots renounce enosis--union of Cyprus with Greece.

The talks have been stalemated for some time over the issue of the degree of local autonomy for the Turkish Cypriots. Recently, the Turkish side has accused Makarios of sparking potential trouble on the island with renewed talk of enosis, an issue that had lain dormant for two years.

The US Embassy in Nicosia believes that the Turkish Cypriots' firm stand is an attempt to put the onus of ending the talks on the Greek Cypriots, who are scheduled to respond to the Turkish Cypriot position in late August. If this next meeting fails to break the deadlock, most observers agree that the intercommunal talks will be suspended pending the outcome of bilateral Greek-Turkish discussions now set for September.

President Makarios, however, is fearful of an imposed Greco-Turkish solution and may ask the UN secretary general to help in seeking a new formula that would keep the talks alive. Should Makarios follow this course, which seems increasingly likely, he would be hoping to pre-empt the Athens-Ankara dialogue and to maintain the status quo on the island.

12 Aug 71

Central Intelligence Bulletin

2

SECRET

SECRET

ARAB FEDERATION: Egypt, Libya, and Syria are taking additional steps toward the establishment of the Federation of Arab Republics (FAR).

The leaders of the three countries--Sadat, Qadhafi, and Asad--are meeting today in Damascus to approve the constitution and basic principles of the new federation, but these reportedly are not to be made public until after 15 August. Previous indications have suggested, however, that the structure of the new federation will be much looser than the unitary state that was established between Egypt and Syria in 1958 and that FAR will be only a nominal union within which each state will retain its sovereignty.

On 1 September, a popular referendum on participation in FAR is scheduled to be held in all three countries. In Libya, seminars and "enlightenment committee" meetings are reportedly being held throughout the country to explain the federation to the citizenry. The US Embassy in Tripoli expects an affirmative vote of close to 100 percent in the referendum, but this margin will not accurately reflect public opinion.

Shortly after his successful counter coup on 22 July, President Numayri of the Sudan announced that his country would join the federation in January. There is known to be considerable opposition within the Sudan to joining the federation, however, and its participation remains in doubt.

25X1

12 Aug 71

Central Intelligence Bulletin

3

SECRET

Next 1 Page(s) In Document Exempt

PORTUGAL: National Assembly approval of Prime Minister Caetano's modest press bill may be a cautious step to conciliate liberal critics.

The law, passed on 4 August during the special session on constitutional revisions, permits journalists to publish articles without prior government censorship. The government, however, will continue to monitor the press for articles which "might endanger the nation's security, prestige, or morality." Authors or publishers of such articles are subject to legal action. The new law also gives the government power to reimpose censorship when a state of emergency is declared or when serious acts of subversion occur. Thus, officials still have a wide range of latitude to decide what information is suitable for public consumption.

Local journalists are divided in their reactions. One group claims the law is a step backward because prior censorship protected journalists from possible fines and imprisonment after the fact. Other journalists, arguing that the Portuguese Government will be reluctant to punish authors for articles which have been widely disseminated for public scrutiny, assert that the new law will facilitate responsible and lively journalism. The passage of implementing legislation spelling out details during the coming months will determine whether or not Portugal is in fact moving toward a free press and a more open society.

The press law is typical of Prime Minister Caetano's balancing policy of moving toward gradual liberalization to appease leftist elements, while placating rightists by leaving considerable power in the hands of the government. Right-wingers who may believe that greater press freedom will undermine government authority probably take comfort in the fact that the government recently initiated a rigid crackdown on persons and organizations suspected of Communist-linked activities. [REDACTED]

[REDACTED]

25X1

12 Aug 71

Central Intelligence Bulletin

6

SECRET

~~SECRET~~

EAST GERMANY - WEST GERMANY: Bonn has suspended steel imports from East Germany except for those under existing contracts.

This stringent step was taken because of Pankow's flagrant attempts to transship Bulgarian and Romanian steel into West Germany, thus violating the tariff and tax-free provisions of the interzonal (IZT) agreement and the special inter-German trade provisions of the European Community treaties. West Germany took swift action to ensure compliance with the IZT agreement, in part because of earlier complaints from Bonn's EC partners about violations.

East Germany, faced with persistent shortages of steel, may have elected to ship the steel (with visible foreign markings) rather than default on its contracts with West German customers. A high-ranking West German official believes, however, that it was a deliberate attempt by some East German officials to exploit the IZT arrangements.

The effect of the ban on current East German shipments may not be great, because contracts for most deliveries this year have already been concluded. Nevertheless, West German purchasers of GDR steel may turn elsewhere for 1972 import contracts if Pankow cannot convince West German importers that it has sufficient steel available for export and arrange a lifting of the ban. [REDACTED]

12 Aug 71

Central Intelligence Bulletin

7

SECRET

SECRET

SOMALIA: The military government's deep suspicion of foreigners appears to have intensified.

In recent weeks, a locally employed Briton was summarily expelled from the country and a number of West German aid personnel departed after they were abruptly told to leave the agricultural projects on which they were working. Several local employees of the US Embassy have been detained without being officially charged. Embassy officers have also had some difficulty in gaining consular access to a US citizen currently standing trial on a relatively minor charge.

The government's moves against foreigners may reflect a mood of high-level insecurity stemming from the recent upheavals in Sudan. Leaders of the Somali military government closely identify with the revolutionary Arab government in Khartoum, and they may believe that the recent coup in Sudan could inspire an antigovernment move in Somalia. [REDACTED]

25X1

25X1

12 Aug 71

Central Intelligence Bulletin

8

SECRET

~~SECRET~~

EQUATORIAL GUINEA - SPAIN: The frequently troubled relations between Madrid and its only former colony in black Africa appear to have stabilized for the time being.

Nine basic economic and technical accords between the two countries were finally signed in late July after several months of negotiations. The agreements provide for the subsidized purchase by Spain of the entire Guinean cocoa crop and for the equivalent of over \$7 million of technical assistance and grant aid for the remaining calendar year. The agreements contain a proviso that Madrid will offer subsequent help on a yearly basis, with aid levels dependent on the state of relations between the two countries.

Guinea's intensely nationalistic and unpredictable President Macias established extensive contacts with Communist and radical African countries over the past year, but apparently was unable to obtain sufficient aid from them to replace that of the former metropole. He probably felt compelled to renew the basic accords with Spain to help keep his economically pressed country afloat. Cocoa exports are Equatorial Guinea's mainstay, but this year's crop is jeopardized by Macias' continuing delay in signing a pending contract-labor treaty with Nigeria to replace the 20,000 laborers driven out during a futile "Guineanization" drive.

There are no indications that Macias will soon abandon his leftist stance or anti-Spanish sentiments, which have severely strained relations with Madrid in the past, but his public attacks may be muted for the moment. Reportedly, Macias already has advised the country's single party that friendship with Spain is the byword of the day.

25X1

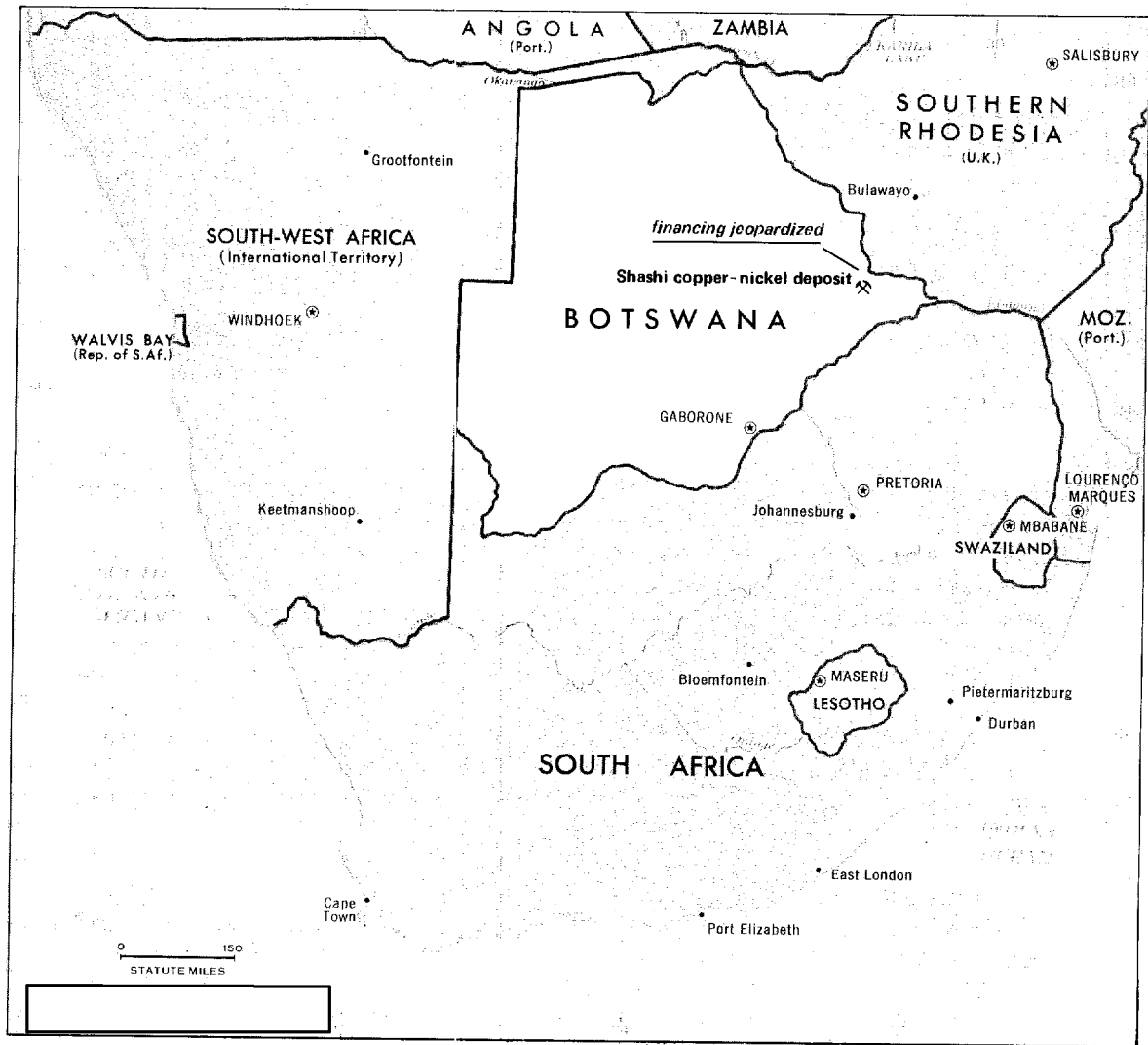
12 Aug 71

Central Intelligence Bulletin

9

SECRET

SECRET



551756 8-71 CIA

SECRET

SECRET

NOTES

INTERNATIONAL MONETARY DEVELOPMENTS: Speculative activity generated by a congressional subcommittee report warning of a possible dollar devaluation is apparently wearing off. The report has received relatively low-key coverage in the European press. The US dollar continued to strengthen slightly yesterday after heavy pressure Monday forced its exchange rates in relation to certain European currencies to its lowest level since World War II. Because of profit taking, free market gold prices in London dropped to \$42.85, down from the closing price of \$43.94 Monday. The firming of the dollar suggests that the present wave of speculation may be ebbing, but the situation remains volatile. [REDACTED]

25X1

25X1

* * * *

BOTSWANA: The decision of a West German firm to pull out of Botswana's \$200-million copper-nickel Shashi mining project could delay the country's major program to achieve economic viability. The firm's decision ostensibly was caused by the West German Government's refusal to insure the project fully against political risk. Development of the rich Shashi deposits would help free Botswana from dependence on British budgetary subsidies and would reduce the country's reliance on a customs union dominated by South Africa. The decision of the firm to cancel its commitment to purchase the eventual output of the mines has possibly jeopardized financing from the West German Government and the International Bank for Reconstruction and Development for a major portion of the project's capital requirements. If financing arrangements fall through, initial mining operations may have to be postponed well beyond the scheduled target date of 1973. [REDACTED]

25X1

12 Aug 71

Central Intelligence Bulletin

11

SECRET

Secret